

EXIT33

It just makes sense!

1. Sumner County Commission Near-Sighted

- Turned down \$4.1 million per year in property tax & gaming revenue
Exhibit 1A: Lost Revenue Calculation
- Necessitated endorsement by City of Mulvane
Exhibit 1B: City of Mulvane Endorsement Resolution
- 14 Points—Why the City of Mulvane Endorsed Harrah's Proposal
Exhibit 1C: Findings of Fact

2. Mulvane Wants It!

- 5,000 signatures of support
Exhibit 2A: Harrah's Exit 33 Supporters
- Survey Says: 2 to 1 Mulvane Wants It!
Exhibit 2B: Mulvane Opinion Survey
- Putting Harrah's to work for the City of Mulvane
Exhibit 2C: Benefits to Mulvane
- Putting Harrah's to work for Sumner County
Exhibit 2D: Benefits to Sumner County

3. Location, Location, Location = \$\$\$

- Best Location in South Central Gaming Zone
Exhibit 3A: Close to Population Center
Exhibit 3B: Close to Labor Force
Exhibit 3C: Close to Tourism & Convention Center
Exhibit 3D: Close to Travel Hub
- Exit 33 Location to Generate Significantly More Revenue
Exhibit 3E: Revenue Projections

SUMNER RESORTS

Harrah's
KANSAS

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EXHIBIT 1A

Lost Revenue Calculation (if Sumner County Commission had selected Exit 33 from the beginning)

- Annual gaming revenue of Harrah's Exit 33 location:
 - 2% (*City of Mulvane would not have annexed had Exit 33 been endorsed from the beginning*)
 - x \$205,400,000 Annual Gaming Revenue (*Cummings Report, Appendix E*)
 - = \$4,108,000 Total Annual Revenue to Sumner County
- Annual gaming revenue of a Wellington Exit 19 location:
 - 1% (*with the City of Wellington's declared annexation of casino site*)
 - x \$151,100,000 Annual Gaming Revenue (*Cummings Report, Appendix E*)
 - = \$1,511,000 Total Annual Revenue to Sumner County
- \$2,597,000 more a year in gaming revenue with Harrah's at Exit 33**
- **\$1,534,000 more a year in property taxes with Harrah's at Exit 33** (*See Exhibit 2C*)
- **\$4,131,000 a year in revenue Sumner County Commissioners left on the table**

EXHIBIT 1B

City of Mulvane Endorsement Resolution No. 2008-1

A RESOLUTION OF ENDORSEMENT FOR THE OPERATION OF A LOTTERY GAMING FACILITY BY SUMNER GAMING AND RESORT (i.e. HARRAH'S) IN THE CITY OF MULVANE, SUMNER COUNTY, KANSAS.

WHEREAS, Senate Bill 66, the Kansas Expanded Lottery Act (the "Act"), was approved by the Kansas Legislature, signed by the Governor and was published in the Kansas Register, Vol 26, on April 19, 2007; and

WHEREAS, the Act requires a Resolution of Endorsement from the City for any prospective Lottery Gaming Facility Manager in which the facility is to be located; and

WHEREAS, Sumner Gaming and Resort (i.e. Harrah's) submitted a proposal to the city council of the City of Mulvane, Sumner County, Kansas for a destination tourist gaming facility located in the City of Mulvane, Sumner, County, Kansas.

WHEREAS, after duly considering all information and testimony provided at the public hearing, the city council determined that Sumner Gaming and Resort possessed the qualifications and financial resources to operate a Lottery Gaming Facility in the City of Mulvane, Sumner County, Kansas;

WHEREAS, Sumner Gaming and Resort controls parcel(s) of land within the city limits of the City of Mulvane, and proposes this as the location for development and operation of a Lottery Gaming Facility; and

WHEREAS, the Mulvane city council has determined this location is well suited to attract tourism and enhance the economic development prospects of the City, Sumner County and the State of Kansas; and

WHEREAS, to facilitate the location of the South-central Kansas Lottery Gaming Facility in this gaming zone, the city council has determined it is in the best interest of region and State based on the information and testimony provided at the public hearing and independent investigations of prospective Lottery Gaming Facility Managers to issue a Resolution of Endorsement at this time.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MULVANE, SUMNER COUNTY, KANSAS:

Sumner Gaming and Resort is hereby provided the Endorsement of the City of Mulvane for the position of Lottery Gaming Facility Manager for the City of Mulvane, Sumner County, Kansas Lottery Gaming Facility.

The Endorsement of the City of Mulvane is subject to the execution of a Predevelopment Agreement between the City and Sumner Gaming and Resort in a form satisfactory to the city council.

PASSED BY THE CITY COUNCIL OF THE CITY OF MULVANE, SUMNER COUNTY, KANSAS, THIS 16TH DAY OF JANUARY, 2008.



EXHIBIT 1C

To Resolution of Endorsement: Findings of Fact

The following facts are hereby found to exist in connection with the proposal by Sumner Gaming Joint Venture, L.C. (the "Applicant") for the proposed lottery gaming facility within the city limits of Mulvane, Kansas (the "Proposal"):

1. The Proposal includes significant additional capital investment in the City of Mulvane, Sumner County, Kansas, which investment warrants a preference for endorsement.
2. Retail development included in the Proposal is supplemental to and complementary in design to the proposed destination resort development and surrounding businesses. Restaurants, as proposed, provide a complete range of food experience for customers.
3. The Proposal includes hotel accommodations designed to mirror a destination resort facility of size, cost and amenities as would exist within other premier destination locations.
4. The Proposal establishes a feasible and funded transportation plan to accommodate movement between the airports in Sedgwick County and Sumner County and the proposed destination resort/gaming facility. The Proposal provides for movement between the resort facility and nearby existing and future businesses and destination and tourist development projects.
5. Endorsement of the Proposal was determined not only by the financial impact derived from the gaming activities, but also from the total positive direct and indirect net economic and quality-of-life impact the facilities will have on the immediate surrounding area and the community-at-large.
6. The Proposal includes a conference/convention center/concert venue that provides a wide range of adaptability to potential events.
7. The Proposal includes construction by contractors utilizing prevailing wages and utilizing labor and services reflective of the surrounding population which include realistically attainable goals for diversity and use of local business enterprises.
8. Applicant has experience operating both similar size and larger facilities and has successfully demonstrated a record of working cooperatively with and supporting the communities where their gaming facilities are operated.
9. The Proposal is not inconsistent with the zoning and planning requirements of the City for the area proposed and maximizes positive economic, social, retail, commercial and residential development impact. The Proposal includes feasibility studies, consultant reports and numerous written justification that lends credence to the positive impact the Proposal will have on the surrounding commercial, retail and residential areas in its proximity, as well as Sumner County, South Central Kansas, and the State of Kansas as a whole.
10. The physical structures contained in the Proposal are adaptable to other potential future uses that may arise from unknown changes that may occur in the gaming industry.
11. There are numerous special attractions and development components attached to the gaming facility in the Proposal which could heighten the unique quality and experience of other attractions in the vicinity.
12. The Proposal includes a plan for public safety, including but not limited to, emergency medical, police and fire protection, including construction of appropriate facilities for the same and such other general technology to be used to protect the public. The Proposal commits to utilizing departments and services of the City of Mulvane, Kansas.
13. The Proposal identifies infrastructure improvements necessary for access to and operation of the gaming facility, extension of utility services; and a plan for payment of the costs of such infrastructure improvements. All infrastructure improvements will meet the rules and regulations of the City.
14. The Proposal includes numerous additional amenities including environmentally green construction and sustainable technology.



EXHIBIT 2A

Harrah's Exit 33 Supporters

- 5,000 signatures of support (*to be presented on July 10, 2008*)

EXHIBIT 2B

City of Mulvane Opinion Survey

Luce Research, a national polling and research company out of Colorado Springs, Colorado, conducted a telephone survey to measure the awareness of, support for, and preferred location of a Sumner County destination resort casino. 315 randomly selected registered voters living in Mulvane with a land-line, residential telephone were called on June 28 and June 29, 2008. Respondent's answers were not aided by persuasive or advocative commentary and produced statistically valid results within $\pm 5.64\%$. The results were convincing:

- **High Level of Casino Awareness**

An incredibly high 90% of the respondents knew that a casino was going to be built in Sumner County, indicating that Mulvane residents are not in the dark.

- **Majority of Mulvane Wants a Casino**

Of the respondents in the survey who had decided, 2.15 to 1 were in favor of a casino in Sumner County (56%—for vs. 26%—against). This is a larger percentage than for Sumner County as a whole as indicated by the mail ballot election results which only showed a pro-casino return of 1.7 to 1.

- **Mulvane Wants it at Exit 33**

Given the choice of locating the casino at Exit 33 or Exit 19, respondents replied almost 4 to 1 that they preferred it at the Mulvane exit (66%—Exit 33 vs. 18%—Exit 19).



EXHIBIT 2C

Advantages to City of Mulvane:

■ UPGRADE IN PUBLIC WORKS AND SERVICES

Supplying Exit 33 with utilities paid for by Harrah's Kansas will at the same time improve services to Mulvane citizens.

- **Build a new water treatment plant** to service Exit 33 will also provide an important secure source of water for the city.
- **Invest in waste water system**, which is currently at 57% capacity. Mulvane's waste water system will support Exit 33 while generating income for the city. Harrah's Kansas will pay an up-front impact fee to cover future needs.
- **Reduce electricity rates** to Mulvane citizens by 15%.
- **Build a full service public safety substation** (EMS, fire, police) at Exit 33 will deliver faster response times. It will improve ISO ratings for the western part of Mulvane cut off by the railroad tracks and reduce insurance rates by over 50%.

■ HUGE INCREASE TO THE PROPERTY TAX BASE

A \$490 million investment by Harrah's Kansas resort casino at Exit 33 could add \$98 million to Sumner County's tax base. What does this increase in the tax base mean for Mulvane taxpayers?

- **2.72 times more for schools in the USD 263 local option budget**
- **50% drop in city property taxes**
- **Other Entities:** Exit 33 will also greatly boost other taxing entities whose funding is based on property tax assessments such as the Historical Society, cemetery district, Recreation Commission, public library and townships.

■ A WINDFALL IN ANNUAL REVENUE

An Exit 33 destination resort casino will generate \$205.4 million in annual revenue (*Cummings Report Upside Analysis, see Exhibit 3E*). The City of Mulvane will receive a 1% share or:

\$2.054 million per year in gaming revenue

\$500,000 a year in proposed hotel guest taxes charged to resort guests will increase estimated annual benefits to Mulvane. This new income can provide an opportunity for Mulvane to invest in public works, parks and community enhancement projects like a new bypass linking K-15 with our industrial park and on to the destination resort.



EXHIBIT 2D

Advantages to Sumner County:

■ DRAMATIC EXPANSION TO THE PROPERTY TAX BASE

\$490,000,000 (*Harrah's Kansas investment at Exit 33*)
x 80% (*estimate of real property portion*)
x 25% (*commercial property tax rate*)
x .001 (*mill levy \$1/\$1000*)
\$98 million increase to Sumner County Property Tax Base
\$354,000,000 (*Average of Penn & Marvel investment at Exit 19, based on negotiated contract*)
x 80% (*estimate of real property portion*)
x 25% (*commercial property tax rate*)
x .001 (*mill levy \$1/\$1000*)
= \$70.8 million increase to Sumner County Property Tax Base
= \$27.2 million more for Sumner County Property Tax Base with Exit 33
x 56.4 (*2007 Sumner County Tax Rate*)
= **\$1.534 million more a year in property taxes with Harrah's at Exit 33**

■ CREATION OF PERMANENT, GOOD JOBS

An Exit 33 destination resort casino will have a significant hiring impact on the labor force of the entire county, creating an average of:

1,187 new permanent jobs at Harrah's Kansas resort casino paying 43% more than the Sumner County average income.

An additional 356 permanent jobs indirectly created to support an Exit 33 destination resort.

These new jobs will attract new families—helping to stimulate the Sumner County economy and provide an extra boost to the county tax base.

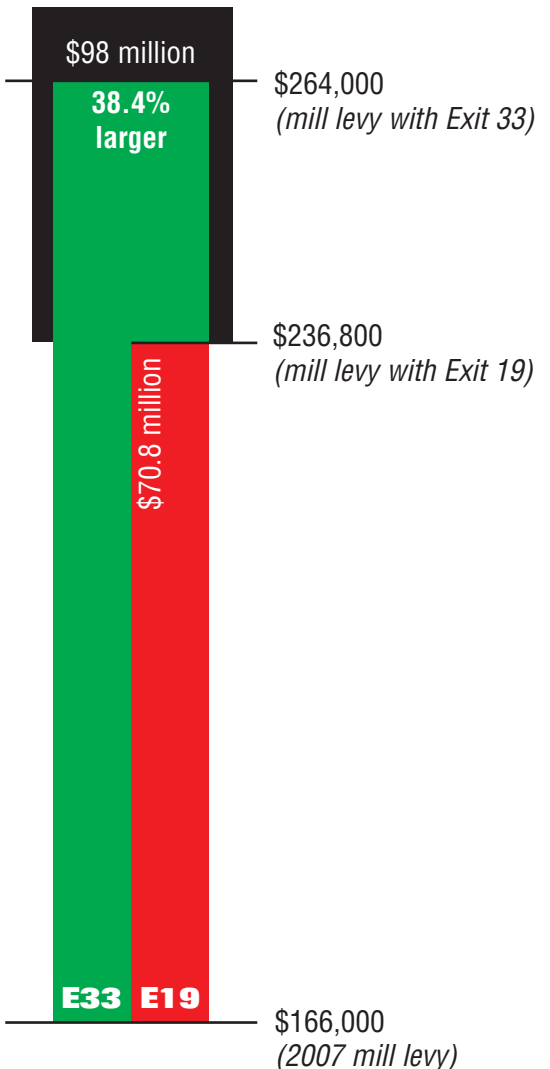
■ INCREASE IN PUBLIC SAFETY SERVICES

A full service public safety substation (EMS, fire, police) built at Exit 33 will deliver faster response times, better ISO ratings and reductions in insurance rates. Not only to better serve the west side of Mulvane cut off by the railroad tracks, but to better serve the entire northern part of Sumner County which is significantly under served by the part-time volunteer district.

■ GREATER GAMING REVENUE

With 34 to 58% larger projected gaming revenue, Sumner County's 1% share will be **\$500,000 to \$600,000 more per year** with Harrah's Kansas at Exit 33. (*See Exhibit 3E*)

Increase in Sumner County Tax Base



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Population within a 30 min. drive

Total Population (2007 Est.)

Total Households (2007 Est.)

Exit 33	Wellington	Wichita MSA
483,312	46,049	591,356
188,909	17,443	228,932

EXHIBIT 3B

Labor Force within a 30 min. drive

Over 16 Population by Employment (2007 Est.)

In Armed Forces

Civilian - Employed

Civilian - Unemployed

Not in Labor Force

Total

Exit 33		Wellington		Wichita MSA	
2,851	1.10%	138	0.39%	2,963	0.65%
240,191	62.74%	22,633	63.99%	294,752	65.01%
11,815	3.85%	1,205	3.41%	13,741	3.03%
113,761	32.31%	11,391	32.21%	141,948	31.31%
368,617		35,368		453,404	

Available Labor Pool*

22% of Total Population (2007 Est.)

106,329	10,131	130,098
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Total Labor Needs**

Harrah's Kansas

Marvel Gaming

Penn

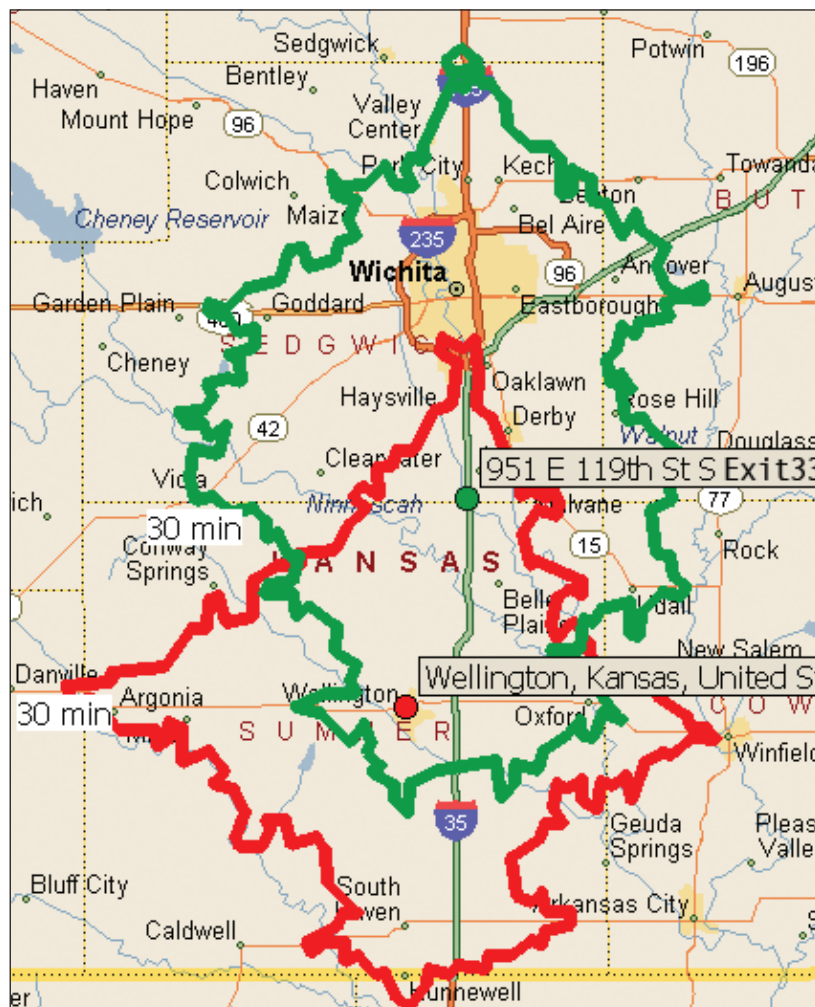
1,543	% of avail. labor pool 1.45%		% of avail. labor pool	[Note: most of the required new labor will come through displacement of existing employment.]
		1,950	19.2%	
		1,430	14.1%	

[Note: most of the required new labor will come through displacement of existing employment.]

**Available Labor Pool is a term that the Docking Institute of Public Affairs created in June 2006 for the Wichita Labor Basin Study to describe ALL people who would go to work if currently not employed or would change jobs for the right job. It averages about 22 percent of the total population for the 10 counties around Wichita. Of that group, about 78 percent tell us they would drive up to 30 minutes for the right job. [Note: gasoline prices at the time of the study was \$2.75 per gallon.]*

*****Labor needs as indicated in developers' proposals to the Lottery Gaming Facility Review Board plus a 1.3 multiplier to account for the regional average for induced and indirect jobs created.***

Source: Center for Economic Development and Business Research, Wichita State University



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EXHIBIT 3C

Close to Convention & Tourism Commerce

- 3.2 million visitors providing a \$356 million economic impact a year
(2003 study by Center for Economic Development and Business Research, Wichita State University)
- \$50 million in convention business in 2007
(2007, Greater Wichita Visitors & Convention Bureau)

EXHIBIT 3D

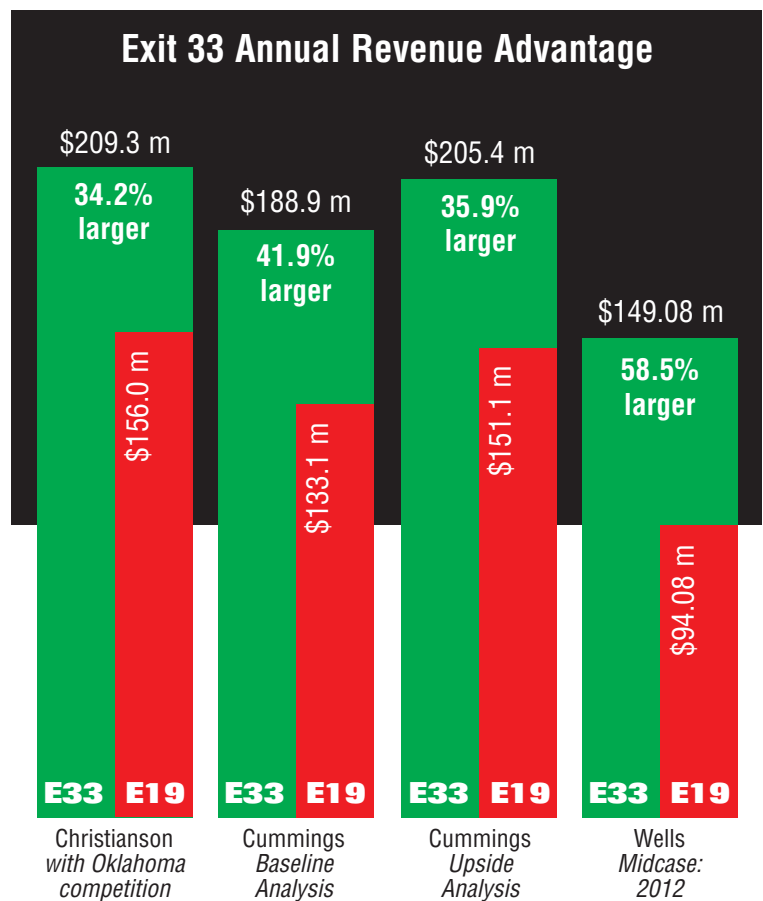
Close to Travel Hub

- 1.5 million passengers passed through Wichita Mid-Continent Airport in 2007
(Wichita Airport Authority)

EXHIBIT 3E

Exit 33 Location to Generate Significantly More Revenue

- Christianson Report: \$53.3 million more per year (with Oklahoma competition, page 18, 19)
Cummings Report: \$55.8 million more per year in the Baseline Analysis (Appendix B)
Cummings Report: \$54.3 million more per year in the Upside Analysis (Appendix E)
Wells Report: \$50 to \$60 million more per year (page 4-20) (Midcase: 2012 projection)
- State of Kansas at 22%,
\$11 million to \$13.2 million more per year
Sumner County at 1%,
\$500,000 to \$600,000 more per year
Sedgwick County at 1%,
\$500,000 to \$600,000 more per year
City of Mulvane at 1%,
\$500,000 to \$600,000 more per year



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